

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	
a Wisconsin corporation and wholly owned subsidiary)	Case No. U-18334
of Xcel Energy Inc., for authority to reconcile its)	
2016 electric and gas energy optimization costs and)	
revenues, and for related approvals.)	
_____)	

At the August 23, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 29, 2017, Northern States Power Company (NSP-W) filed an application, with supporting testimony and exhibits, seeking approval of its electric and gas energy optimization (EO) annual report and reconciliation of EO costs and revenues, pursuant to 2008 PA 295, for the 12-month period ended December 31, 2016.

A prehearing conference was held on June 13, 2017, before Administrative Law Judge Mark D. Eyster. NSP-W and the Commission Staff participated in the proceedings. On July 6, 2017, NSP-W filed revised testimony and exhibits. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that: (1) the 2016 payment of \$455,700 to the independent energy optimization program

administrator satisfies the requirements of MCL 460.1091(1); (2) the proposed reconciliation of 2016 EO revenues and costs should be approved, and a net underrecovery of \$4,309 through December 31, 2016, for gas and electric EO (now known as Energy Waste Reduction (EWR)) programs should be reflected as the beginning balance for NSP-W's 2017 EWR reconciliation; and (3) the new surcharges set forth on Attachment 1 to the settlement agreement should be approved and effective on and after August 1, 2017.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Northern States Power Company's reconciliation of 2016 energy optimization revenues and costs showing a net underrecovery of \$4,309 through December 31, 2016, for gas and electric service is approved. The underrecovered balance of \$4,309 shall be reflected as the beginning balance for Northern States Power Company's 2017 Energy Waste Reduction reconciliation.
- C. The proposed revised surcharges set forth in Attachment 1 to the settlement agreement are approved for bills rendered on and after the date of this order.
- D. Within 30 days of this order, Northern States Power Company shall file with the Commission tariff sheets substantially similar to Attachment 1 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of August 23, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
NORTHERN STATES POWER COMPANY,)	Case No. U-18334
a Wisconsin corporation and wholly owned subsidiary of Xcel)	
Energy Inc., for authority to reconcile its 2016 electric and gas)	
<u>energy optimization costs and revenues, and for related approvals.</u>)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System’s Administrative Hearing Rules, 2015 AC, R 792.10431, Northern States Power Company, a Wisconsin corporation, (“NSP-W” or the “Company”) and the Michigan Public Service Commission Staff (“Staff”), hereby agree as follows:

1. On March 29, 2017, NSP-W filed with the Michigan Public Service Commission (“Commission”) its Application, along with the testimony and exhibits of its witness Lori J. Drilling, seeking approval of its electric and gas Energy Optimization (“EO”) annual report and reconciliation of costs and revenues pursuant to 2008 PA 295 for the 12 month period ended December 31, 2016.

2. On May 12, 2017, the Commission’s Executive Secretary issued a Notice of Hearing directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan service area and to intervenors in Case No. U-18020. The Commission further directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan service area. Complying with the

directives, NSP-W filed with the Commission the requisite affidavit of mailing and proof of publication on May 23, 2017.

3. On June 13, 2017, Administrative Law Judge (“ALJ”) Mark Eyster presided over a prehearing conference in this matter. Staff entered its appearance. There were no intervenors.

4. On July 6, 2017, NSP-W filed revised testimony and exhibits.

5. Subsequent to the July 6, 2017 filing, the parties engaged in settlement discussions and, as a result, have reached agreement on all of the issues in this case. The parties to this settlement agreement agree as follows:

- a. The 2016 payment of \$455,700, to the Independent Energy Optimization Program Administrator for electric and gas satisfy the payment requirements set forth in MCL 460.1091(1).
- b. The proposed reconciliation of 2016 EO revenues and payments should be approved and results in a net under-recovery of \$4,309, through December 31, 2016, with respect to gas service and electric service. The total net under-recovery for both gas and electric for the 2016 reconciliation period of \$4,309 is inclusive of the 2016 over-recovery of \$48,440 and interest through December 2016, should be reflected as the beginning balance for NSP-W’s 2017 EO (now known as Energy Waste Reduction or EWR) costs and reconciliation.
- c. The proposed revised surcharges incorporated into the tariff sheets attached hereto as Attachment 1 should be approved for bills rendered on and after August 1, 2017.

6. All of the signatories are of the opinion that this settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.

7. This settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

8. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 4 may be made to enforce or implement the provisions thereof in subsequent EWR proceedings.

9. The parties waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding, if the Commission approves this settlement agreement without modification.

NORTHERN STATES POWER COMPANY,
a Wisconsin Corporation

**Sherri A.
Wellman**

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD
O = MillerCanfield
Date: 2017.07.25 15:32:58 -05'00'

Dated: July 25, 2017

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Michael J. Orris

Dated: July 25, 2017

By: _____

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Public Service Division
7109 W. Saginaw Hwy., 3rd Floor
Lansing MI 48917
(517) 284-8140

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M. P. S. C. No. 2 – Electric

NORTHERN STATES POWER COMPANY,

Cancels

7th Revised6th Revised

Sheet No. D-3.1

Sheet No. D-3.1

a Wisconsin corporation

(To implement 2017 EOP surcharge factors approved in Case U-18334)

**ENERGY OPTIMIZATION PROGRAM CLAUSE
ENERGY OPTIMIZATION SURCHARGES**

- A) The Energy Optimization Program Clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.
- B) An annual Energy Optimization Program reconciliation shall be conducted.
- C) The approved Energy Optimization Surcharges are shown below.

Rate Schedule	Energy Optimization Surcharge
Residential Service MR-1	\$ 0.0017 / kWh
Residential Time-of-Day Service MR-2	\$ 0.0017 / kWh
Automatic Outdoor Lighting Service MOL-1	\$ 0.00 / lamp
Small Commercial Service MSC-1	\$ 1.10 / meter
Small General Time-of-Day Service MST-1	\$ 1.10 / meter
Commercial Industrial General Service MCI-1	\$ 37.24 / meter
Large Industrial Service MI-1	\$ 259.02 / meter
Peak Controlled Time-of-Day Service MPC-1	
Secondary	\$ 2,070.87 / meter
Primary	\$ 2,070.87 / meter
Transmission Transformed	\$ 2,070.87 / meter
Transmission Untransformed	\$ 2,070.87 / meter
Peak Controlled General Service MPC-2	\$ 37.24 / meter
Street Lighting MSL-1	\$ 0.00 / lamp
Non-metered LED lighting MSL-2	\$ 0.00 / lamp
Optional Off-Peak Service MOP-1	\$ 0.0017 / kWh
Municipal Pumping Service MPA-1	\$ 1.10 / meter

Issued, XXXXXX XX, 2017 by
M.E. Stoering
President & CEO
Eau Claire, Wisconsin

Effective: for bills rendered on or after
September 1, 2017
Issued Under Authority of the
Michigan Public Service Commission
Dated XXXXXX XX, 2017
In Case No. U-18334

M. P. S. C. No. 3 – Gas
NORTHERN STATES POWER COMPANY, Cancels 7th Revised Sheet No. D-12.0
a Wisconsin corporation 6th Revised Sheet No. D-12.0
(To implement 2017 EOP surcharge factors approved in Case U-18334)

SECTION D
ENERGY OPTIMIZATION PROGRAM CLAUSE
ENERGY OPTIMIZATION SURCHARGES

- A) The Energy Optimization Program Clause permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of distribution rates, via the application of an Energy Optimization Surcharge, to allow recovery of the energy optimization alternative compliance payment made by the Company in compliance with Section 91(1) of 2008 PA 295.
- B) An annual Energy Optimization Program reconciliation shall be conducted.
- C) The approved Energy Optimization Surcharges are shown below.

Rate Schedule	Energy Optimization Surcharge
Residential Service - 301	\$ 0.0267 / therm
Commercial and Industrial General Service - 302	\$ 5.83 / meter
Commercial and Industrial General Service - 304	\$ 171.16 / meter
Commercial and Industrial Interruptible Use - 303	\$ 00.00 / meter
Commercial and Industrial Transportation Service	\$ 5.83 / meter

Issued XXXX XX, 2017 by
M.E. Stoering
President
Eau Claire, Wisconsin

Effective: September 1, 2017
Issued Under Authority of the
Michigan Public Service Commission
Dated XXXX XX, 2017
In Case No. U-18334